

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

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USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20 STR-08

INT-08 FEA-02 SCI-06 DRC-01 /207 W

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FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 6915

C O N F I D E N T I A L MOSCOW 3717

E.O. 11652 GDS

TAGS: EGEN ETRD UR

SUBJ: AMBASSADOR'S CALLS: N.S. PATOLICHEV

1. IN COURSE OF INTRODUCTORY CALL MARCH 14, FOREIGN TRADE MINISTER N.A. PATOLICHEV TOOK UP RECENT SOVIET TRADE DELEGATION VISIT TO US, CURRENT AMERICAN ATTITUDES TOWARD PROVISION OF MFN AND CREDITS TO USSR, APRIL TRIP TO MOSCOW BY COMMERCE SECRETARY DENT. HELD IN PATOLICHEV'S OFFICE, THE FORTY-FIVE MINUTE MEETING WAS MARKED BY RELAXED GOOD HUMOR ON THE SOVIET SIDE (DEPUTY FOREIGN TRADE MINISTER A.N. MANZHULO, N.V. ZINOV'YEV, CHIEF OF ADMINISTRATION FOR TRADE WITH COUNTRIES OF THE MAERICAS AND MFT PROTOCOL CHIEF A.G. VORONA WERE ALSO PRESENT).

2. IN RESPONSE TO MY INQUIRY ABOUT HIS RECENT TRIP TO THE US FOR THE JOINT TRADE AND ECONOMIC COUNCIL MEETING IN WASHINGTON, PATOLICHEV LAUNCHED INTO A SOMEWHAT RAMBLING BUT LAUDATORY ACCOUNT OF HIS TRAVELS, CHARACTERIZING THE TRIP AS VALUABLE AND THE ATMOSPHERE HE FOUND AS EXCELLENT. AFTER RECOUNTING HIS ITINERARY FROM WASHINGTON TO NEW YORK, DETROIT, SAN FRANCISCO, LOS ANGELES, SAN
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CLEMENTE AND NEW MEXICO, PATOLICHEV DESCRIBED

HIS MEETING WITH SENATOR LONG'S COMMITTEE, WHICH MADE A HIGHLY FAVORABLE IMPRESSION ON HIM. HE LAUDED THE SENATOR'S REMARKS, NOTING ALSO THAT SENATOR JACKSON HAD APPEARED AND LATER DEPARTED BEFORE PATOLICHEV HAD THE OPPORTUNITY TO SPEAK TO HIM.

3. ON THE SUBJECT OF SOVIET WHEAT PURCHASES, PATOLICHEV COMMENTED THAT USSR HAD BEEN NEGOTIATING WITH CANADA, AUSTRALIA AND ARGENTINA AS WELL AS US AND HAD PAID CURRENT MARKET PRICES WITHOUT COMPLAINT, AND EMPHASIZED THAT AT THE TIME THEY WERE NEGOTIATED IN MID-1972 US SALES TO THE SOVIET UNION HAD THE ENCOURAGEMENT OF US GOVT OFFICIALS AS WELL AS GENERAL PUBLIC. HIS NOTE THAT CRITICISM OF WHEAT DEAL HAD ARISEN ONLY LATER BROUGHT PATOLICHEV TO REMARK THAT SOVIETS AND OTHERS WHO FAVOR DETENTE MUST ACT VIGOROUSLY "AGAINST THIS COLD WIND WHICH IS BLOWING NOW."

4. TURNING TO REVIEW OF TRADE TIES IN GENERAL, PATOLICHEV ARGUED THAT "IT IS NOT A QUESTION OF CREDITS. MANY NATIONS WHICH WANT TO SELL PRODUCTS ALSO PROVIDE A VARIETY OF CREDIT ARRANGEMENTS TO ENCOURAGE SUCH SALES, AND IT IS NATURAL THAT WE WILL BUT WHERE THE TERMS OF PURCHASE SEEM MOST ADVANTAGEOUS."

5. TO MY INQUIRY ABOUT HIS WASHINGTON DISCUSSION OF SECRETARY DENT'S PROPOSED TRIP TO MOSCOW IN APRIL, PATOLICHEV REPLIED THAT HE WAS VERY MUCH IN FAVOR OF THE TRIP, THAT HE WOULD MAKE EVERY EFFORT TO SEE THAT A MEETING FOR THE SECRETARY IS ARRANGED WITH BREZHNEV AND THAT HE WOULD NOT ONLY LIKE FOR THE SECRETARY TO VISIT KAMAZ AT NABEREZHNIYE CHELNY BUT ALSO PROPOSES TO ACCOMPANY HIM ON APRIL 8 (SEE SEPTEL).

6. AFTER TOUCHING ON THE PENDING PROJECTS AGREED UPON BY USSR WITH OCCIDENTAL PETROLEUM ("THERE IS A GREAT DEAL OF DISCUSSION BUT THINGS DO NOT MOVE FORWARD"), PATOLICHEV STRESSED THAT THE SOVIETS DO NOT WANT TO LIMIT THEIR AMERICAN DEALS TO THE LARGEST COMPANIES. RECOGNIZING THAT SMALLER FIRMS OFTEN DO NOT HAVE THE FINANCIAL RESOURCES TO CARRY OUT THE LARGE "COMPENSATORY" TRANSACTIONS, HE POINTED TO

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THE KAMA COMPLEX AS ONE EXAMPLE OF A LARGE PROJECT IN WHICH MANY US FIRMS, A NUMBER OF SMALLER COMPANIES AMONG THEM, ARE INVOLVED.

7. PATOLICHEV CONCLUDED THE CONVERSATION WITH REFERENCE TO THE PRESIDENT. HE SAID THAT DURING HIS RECENT VISIT HE HAD BEEN DEEPLY IMPRESSED BY PRESIDENT'S REPLY TO CRITICS OF DETNETE POLICIES, THAT THE PRESEIDENT HAD CLEARLY STATED

THE CASE: "THE CHOICE IS CLEAR. EITHER WE WILL LIVE TOGETHER OR WE WILL DIE TOGETHER." CHARACTERIZING PRESIDENT AS MAN WHOM HE AND OTHERS ADMIRE FOR PERCEPTIVITY AND EXCEPTIONAL COURAGE, PATOLICHEV REMARKED THAT EVEN THE MAN ON THE STREET IN USSR FINDS IT VERY PUZZLING THAT CITIZENS OF A COUNTRY CAN SO INSULT THEIR OWN CHIEF OF STATE, BUT THAT HE BELIEVES THE ULTIMATE RESULT WILL BE AN EVEN GREATER APPRECIATION OF THE PRESIDENT'S WISDOM AND STEADFASTNESS.

8. AS THE MEETING FINISHED, PATOLICHEV EXPRESSED CONFIDENCE THAT WE WOULD BE IN CLOSE AND CONTINUING TOUCH WITH EACH OTHER AND PROMISED FOREIGN TRADE MINISTRY'S COMPLETE COOPERATION IN WORK TOWARD MUTUAL GOALS.
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